weekly economic review

December 14, 2012

Housing Market

Alberta housing starts jump

Alberta new home construction rose to the highest level in seven months in November. Housing starts were 38,900 (Seasonally adjusted at annual rate, SAAR) in November, up an impressive 17% above the previous month and by 29% over the same time last year. Supported by an influx of new migrants, Alberta is on pace to record a strong increase in new home construction in 2012. With one month left to be tallied, housing starts in 2012 are on pace for the highest reading since 2007 (see chart).

Meanwhile, new home construction in the country fell to the lowest level in twelve months in November. Nationally, housing starts were 196,125, down 3.6% from the previous month.

Alberta new home prices edge higher

New home prices continued to grow at a modest rate in October, rising 1.6% compared to the same month last year. Gains in Alberta lagged those in other provinces, especially Ontario (+4.0%), Manitoba (+3.9%) and Saskatchewan (+2.9%). Nationally, new house prices rose 2.4% over October 2011.

Alberta's rental market tightens

A strong labour market and rising in-migration has contributed to a tighter rental market in Alberta. The province's apartment vacancy rate dropped to 2.0% in October from 3.4% the same month last year, with rates falling across all apartment unit types. The average apartment rented for $988, a $37 increase from October 2011. At the city level, vacancy rates dipped to 1.3% in Calgary, a six year low and the third lowest rate of all Canadian cities. Edmonton's rate fell to a 5-year low of 1.7%.

Merchandise Exports

Exports rise above last year's level

For the first time in three months, Alberta's goods exports rose on a year-over-year basis in October. The 7.1% gain over October 2011 was led by energy products (+9.5%) and farm, fishing and agricultural products (+26.2%). Year-over-year growth in exports of farm, fishing and agricultural products has exceeded 20% in 19 of the last 24 months.

Manufacturing Shipments

Previous gains partially reversed

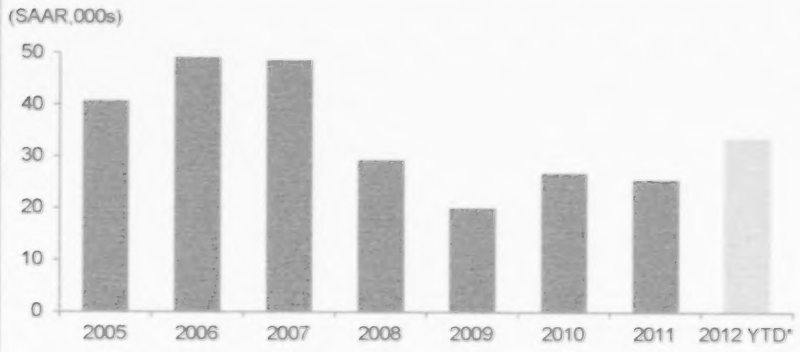
After three straight monthly increases, manufacturing sales fell back 1.4% to $6.3 billion in October. The decline was mainly due to lower food, petroleum & coal, and chemical shipments. Despite the monthly drop, shipments were up 2.6% over the same month last year. Sales are on pace for a strong year in 2012, rising 8.0% on a year-to-date basis.

Real GDP by Industry

Goods-producing industries propel Alberta's real GDP growth in 2011

Alberta's real GDP by industry growth came in at 5.3% in 2011, the largest increase of all provinces. Lifted by a sharp jump in the construction (+8.8%) and manufacturing (11.0%) industries, the goods-producing sector expanded by an impressive 7.1% last year. Alberta's oil and gas extraction industry also posted solid growth of 4.7%. In the service sector, Alberta led all provinces with a 3.9% increase.

Alberta Housing Starts



Source: Canada Mortgage and Housing Corporation; *YTD is the year-to-date average to Nov.

Closing Prices	December 6, 2012	December 13, 2012	2012-13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	100.91	101.55	99.61
WTI Oil ($US/bbl)	$88.36	$85.80	$91.56
NYMEX Natural Gas ($US/MMBtu)	$3.67	$3.35	$2.90

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Jun	Jul	Aug	Sep	Oct	Nov
Population[2] (000's)	3,724	3,778	3,814		1,914				
% change	1.4	1.5	2.5		2.5				
Net Interprovincial Migration[2] (level)	3,271	8,443	28,110		9,544				
Net International Migration (level)	24,160	16,703	37,990		14,546				
Net Non-permanent Residents[2] (level)	14	7,601	9,721		5,244				
Labour Market									
Employment (000's), SA	2,017	2,094	2,146	2,144	2,150	2,154	2,156	2,161	2,171
% change	0.4	3.8	2.7	2.7	2.2	2.1	1.8	1.7	1.8
Unemployment Rate (%), SA	6.5	5.4	4.7	4.6	4.6	4.4	4.4	4.5	4.2
Participation Rate (%), SA	72.9	73.7	73.6	73.3	73.3	73.2	73.1	73.1	73.0
Average Weekly Earnings ($), SA	993.36	1,036.60	1,067.76	1,068.66	1,068.39	1,068.45	1,069.22		
% change	4.6	4.6	3.2	3.9	5.5	3.6	4.0		
Price Indices									
Consumer Price Index	1.0	2.4	1.3	1.3	0.9	1.0	1.3	0.6	
Excluding food and energy	0.8	0.8	1.4	1.6	1.4	1.4	1.1	1.2	
Non-Res. Building Cost Price Index[3]	0.1	5.4	4.1	4.1			1.5		
Farm Product Price Index	1.8	18.0	5.2	7.2	4.6	6.0	2.8		
Crops	9.6	19.3	1.0	0.4	0.5	4.2	1.7		
Livestock	5.7	16.7	7.8	12.0	7.1	6.2	3.7		
Household Sector									
NEW: Housing Starts (SAAR) (000s)	27.1	25.7	33.6	33.9	33.3	29.4	28.3	30.1	36.9
% change	33.5	5.1	33.1	36.5	11.5	6.6	35.9	0.23	200
NEW: New Housing Price Index[4]	0.5	0.4	1.2	1.2	1.5	1.6	1.6	1.6	
Edmonton	0.8	0.9	0.9	0.8	0.8	0.9	1.0	0.9	
Calgary	1.7	0.1	1.4	1.7	2.5	2.4	2.3	2.4	
MLS Average Resale Prices ($ 000's)	350.9	362.7	361.0	360.5	361.7	363.9	361.8	359.2	
% change	3.1	0.5	2.1	2.7	3.3	3.0	0.7	4.6	
Edmonton ($ 000's)	326.5	324.2	331.8	332.2	333.8	334.0	334.2	334.0	
% change	2.3	-0.7	2.3	3.7	1.2	2.9	2.3	2.3	
Calgary ($ 000's)	397.4	401.9	406.4	410.2	411.5	410.9	410.2	423.6	
% change	3.4	1.1	1.3	2.5	4.1	1.8	0.0	6.5	
Retail Sales, SA	6.0	6.9	8.9	7.3	9.6	8.5	8.5		
NEW: New Motor Vehicle Sales	9.5	9.6	12.4	5.8	10.8	9.0	15.7	9.1	
Consumer Bankruptcies (level)	6,150	7,029	4,504	484	480	464	421		
% change	-18.4	-13.8	-17.4	-25.4	-8.4	-23.7	-19.6		
Business Sector									
Rig Drilling (level)	207	286	346	139	198	223	229	256	258
% change	-68.1	30.4	13.2	-7.3	17.5	-30.9	-23.7	-29.6	-21.8
NEW: Goods Exports (customs based)	12.6	18.5	4.6	0.8	0.8	7.5	8.7	7.1	
Energy	17.1	19.4	5.9	1.3	3.3	3.9	8.3	9.5	
Farm, Fishing and Intermediate Food	15.9	27.2	22.2	-7.1	-6.2	30.4	25.2	26.2	
Total Farm Cash Receipts (quarterly)	3.7	15.2	15.0	8.4			8.8		
NEW: Manufacturing Shipments, SA	11.3	18.0	8.0	4.3	7.1	5.5	13	2.6	
Wholesale Trade, SA	8.5	15.0	13.6	10.7	12.6	9.7	7.4		
Building Permits, SA	1.3	11.8	13.5	13.3	0.1	13.0	6.1	18.0	
Residential	22.4	5.2	18.3	14.6	1.2	30.2	9.4	14.2	
Non-residential	-18.3	20.9	7.7	11.5	-1.5	-10.4	1.4	20.7	
Business Bankruptcies (level)	378	264	181	22	16	10	21		
% change	-6.7	-30.2	-8.1	37.5	-6.7	-61.5	-8.7		

YTD year- to- date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted.

[1]Unless otherwise indicated, all figures are year- over- year percentage change and not seasonally adjusted.

[2]Quarterly annual numbers are presented on a census year basis (July 1– June 30).

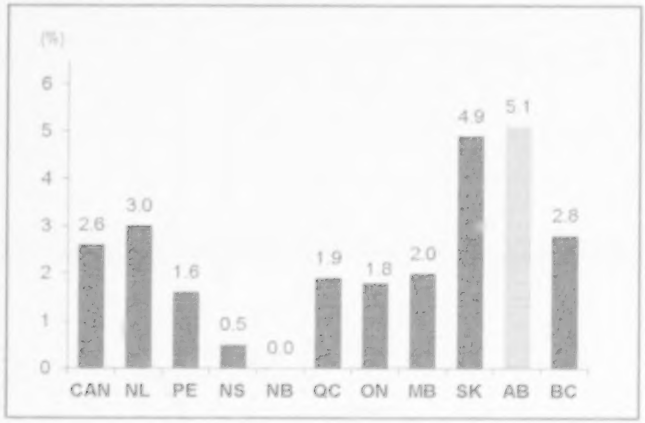
[3]Quarterly average of Calgary and Edmonton.

[4]Average of Calgary and Edmonton.

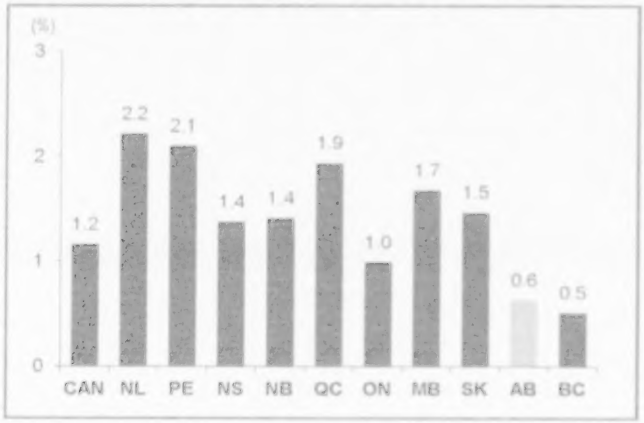
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rig Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

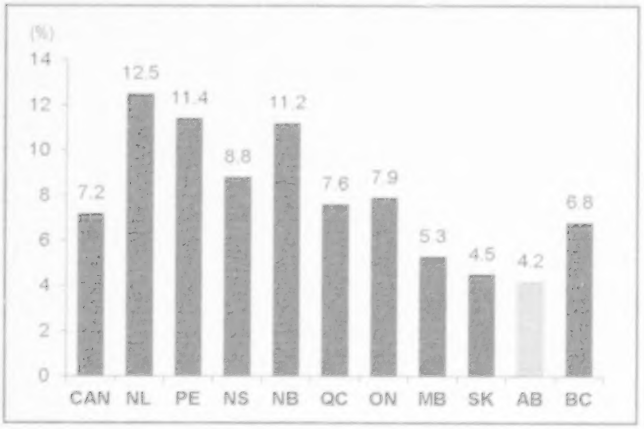
Real GDP Growth by Expenditure
(2011, year-over-year growth)



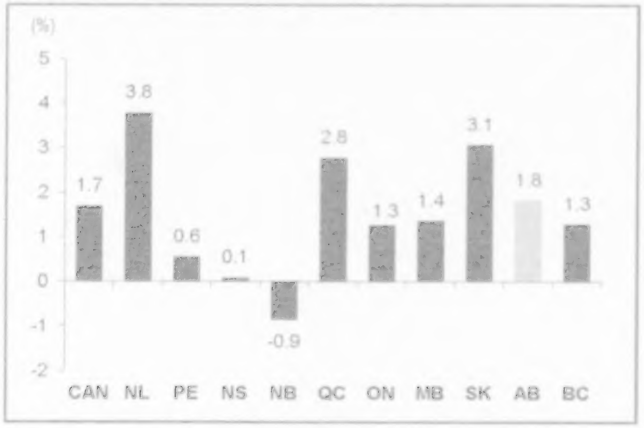
CPI Inflation
(October 2012, year-over-year growth in CPI)



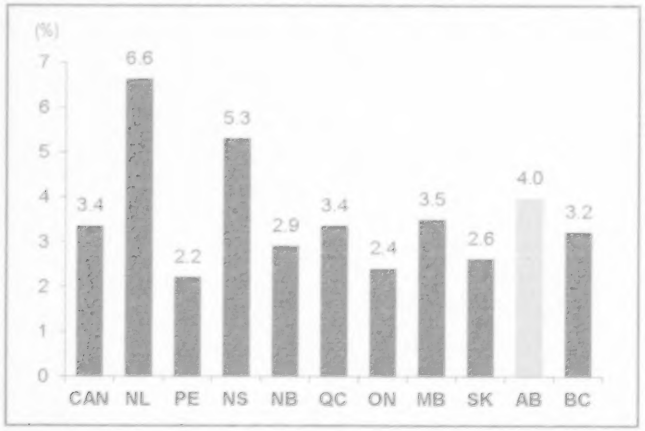
Unemployment Rate
(November 2012)



Employment
(November 2012, year-over-year growth)



Average Weekly Earnings
(September 2012, year-over-year growth)



Housing Starts
(November 2012, SAAR, year-over-year growth)